BEST YEAR EVER

2010

12 FRESH MONTHS/MOIS FRAIS

ANNUAL REPORT

BC EGG
MARKETING BOARD

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Per 1 large egg (53 g) / Pour 1 gros œuf (53g)

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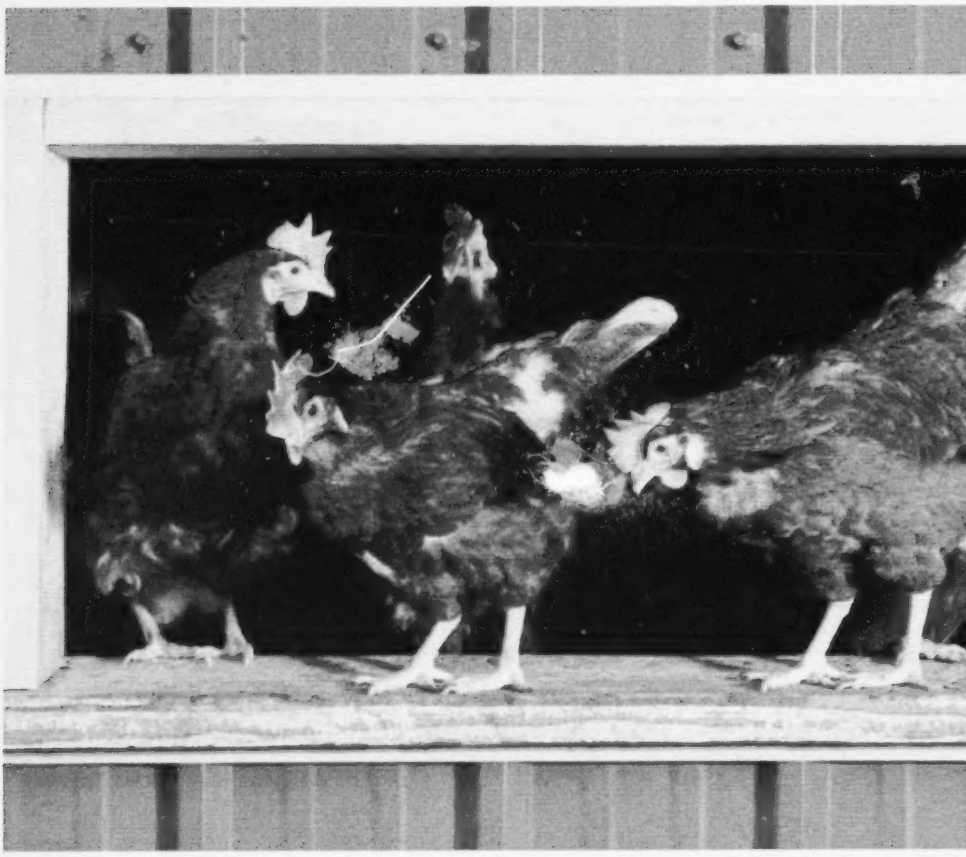


EVOLUTION OF BC'S EGG INDUSTRY

Less than 10 years ago, when consumers took a trip to the local grocery store, the eggs on display varied in choices of white or brown and in sizes of small, medium or large. When visiting a display of eggs today, it is clear that a significant change has taken place in BC's egg industry. Today's exhibit offers multiple categories of egg classes such as free range, free run, organic and omega-enhanced, as well as the traditional white or brown egg. Processed product, which is marketed as "liquid" eggs, with or without yolks, provides another option for today's consumer. To keep up with these changing conditions, BC farmers have made substantial commitments of time and expense. Today's farmers are market-responsive and willing to develop new farming systems to keep up with consumer demand while also improving the environment and the well-being of their hens. Embracing these changes has brought farming full circle to traditional practices that enhance hen health and improve consumer safety.

In responding to ever-changing market demands, the BC Egg Marketing Board recently introduced new producers to the industry. Where specialty production has had its challenges in the past, these new

producers will mark an era of growth and development for the industry.

Supporting a progressive production system and savvy farmers is an educated and knowledgeable service staff. At the BC Egg Marketing Board, Producer Liaison Officers are now certified by the Professional Animal Auditor Certification Organization (PAACO) to ensure expertise when assisting BC farmers. Combined with improved and more effective methods of reporting, this service-oriented team is working with farmers to develop credible and trusting relationships.

Back at the office, BC Egg Marketing Board staff continue to maintain best practices in financial, administrative and operations management. Upgrading methods to keep up with advances in technology and information systems ensures that farmers and the Board receive timely information to help make better business decisions.

In this Annual Report we talk about change. As in any other industry, the BC Egg Marketing Board strives to continuously improve our work. In our role to support consumers, our families and our farmers, we will continue to utilize innovation, creativity and leadership to drive the evolution of BC's egg industry.

INDUSTRY AT A GLANCE

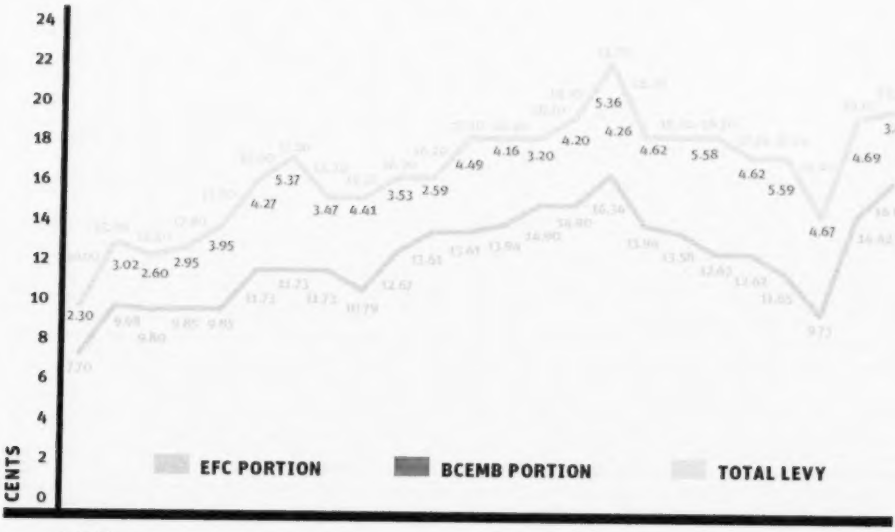
INDUSTRY AT A GLANCE

BOARD INCOME AND EXPENSES

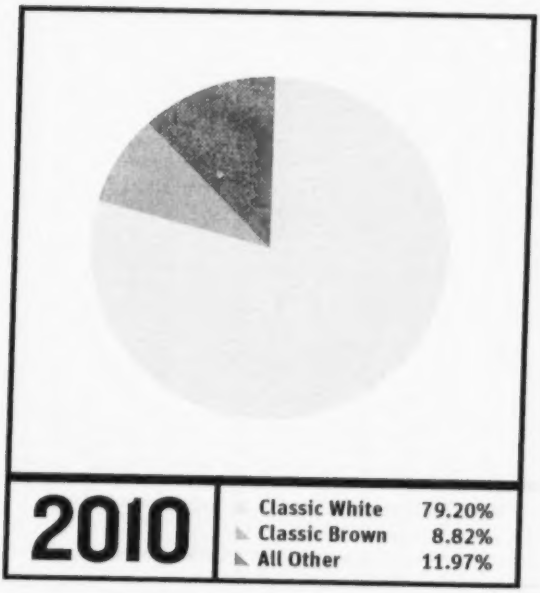
DISTRIBUTION OF EXPENSES

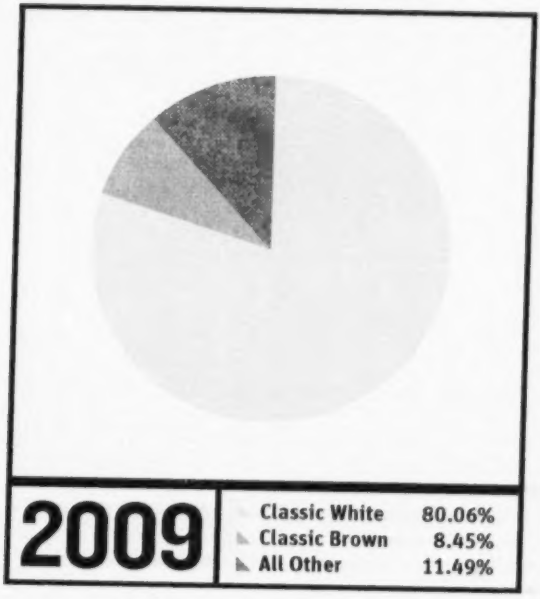
Expenses	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Net IP, Pickup, Fowl	36.89	44.73	39.24	44.16	22.72	68.15	43.27	37.87	36.78	36.76	35.07
Board Expenses	13.27	10.56	13.94	13.12	12.52	19.17	11.48	13.32	12.46	13.67	15.74
Net Marketing & Communications	18.10	12.71	13.58	13.93	10.11	16.52	15.91	15.85	18.33	15.30	4.85
Salaries	17.17	16.72	18.67	16.17	14.66	25.14	19.03	21.97	18.71	20.93	26.54
Legal & Consulting	2.69	2.06	3.91	3.14	3.35	4.65	4.61	5.51	4.94	4.84	4.77
Other	11.88	13.22	10.66	9.48	36.64	(33.63)	5.70	5.48	8.78	8.49	13.02
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

LEVY PAID BY REGISTERED PRODUCERS (CENTS PER BIRD)

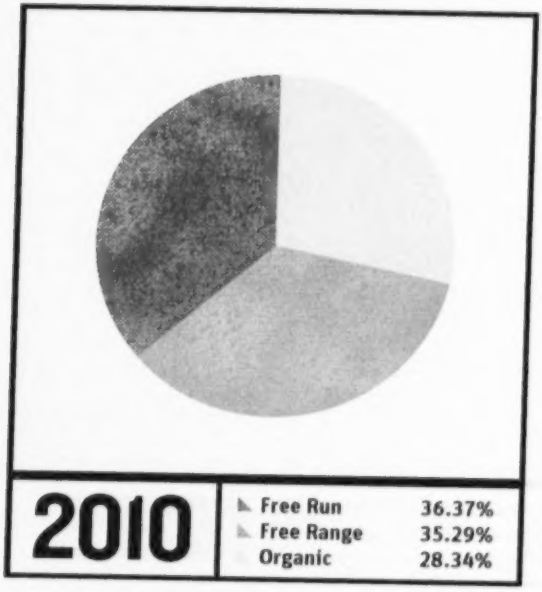


TOTAL EGG PRODUCTION



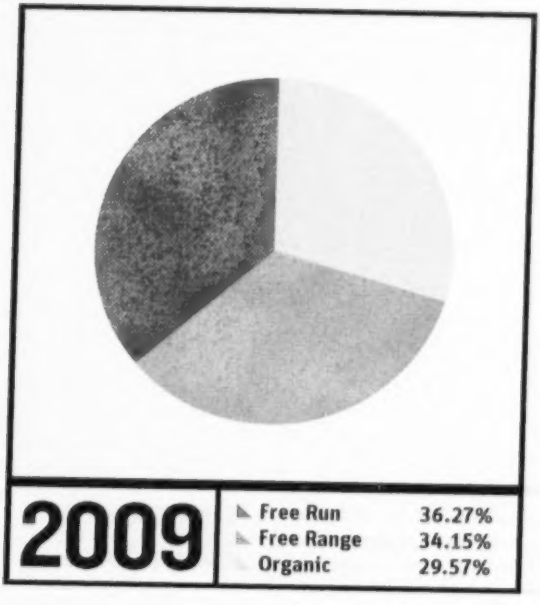


ALL OTHER EGG PRODUCTION



2010

Free Run	36.37%
Free Range	35.29%
Organic	28.34%



2009

Free Run	36.27%
Free Range	34.15%
Organic	29.57%

EGG BREAKOUT

2010	DOZENS	DOLLARS
TOTAL EGGS	65,106,910	$108,217,962
SPECIALTY:	7,795,471	$19,261,268
FREE RUN	2,835,154	$5,486,754
FREE RANGE	2,750,721	$7,045,996
ORGANIC	2,209,596	$6,728,518
REGULAR:	57,311,437	$88,956,694
WHITE	51,566,414	$79,846,808
BROWN	5,745,023	$9,109,886

2009	DOZENS	DOLLARS
TOTAL EGGS	64,607,100	$102,928,237
SPECIALTY:	7,422,531	$17,599,650
FREE RUN	2,692,491	$4,987,346
FREE RANGE	2,535,136	$6,227,310
ORGANIC	2,194,904	$6,384,994
REGULAR:	57,184,569	$85,328,587
WHITE	51,725,250	$76,624,488
BROWN	5,459,319	$8,704,099

AVERAGE BC PRODUCER PRICES CLASSIC WHITE 2004 – 2010

GRADE	'04	'05	'06	'07	'08	'09	'10
JUMBO	$1.68	$1.60	$1.61	$1.68	$1.78	$1.72	$1.79
EXTRA LARGE	$1.71	$1.63	$1.64	$1.71	$1.81	$1.75	$1.82
LARGE	$1.68	$1.60	$1.61	$1.68	$1.78	$1.72	$1.79
MEDIUM	$1.52	$1.44	$1.45	$1.45	$1.57	$1.51	$1.58
SMALL	$1.16	$1.08	$1.09	$1.06	$1.16	$1.10	$1.17
PEEWEE	$0.32	$0.35	$0.37	$0.37	$0.37	$0.37	$0.37
B	$1.46	$1.38	$1.39	$1.46	$1.56	$1.50	$1.58
C	$0.51	$0.31	$0.23	$0.28	$0.15	$0.15	$0.15

PROVINCIAL QUOTA EXCHANGE RESULTS

2010	Number of Layers	Number of Farms
Quota Offered	12,228	2
Successful Bids	5,328	1
Quota Assessed	1,943	

NUMBER OF BC EGGS GRADED & FARM GATE VALUE

	NUMBER OF BC EGGS GRADED	FARM GATE VALUE
2010	65,106,910 dozen	$108,217,962
2009	64,607,100 dozen	$102,928,237

CHAIR'S REPORT

The British Columbia egg industry continued to grow in 2010, with a 3.46% quota increase being allocated to all existing producers. This increase is a result of past market growth, both nationally and provincially, but there are indications that growth in national consumption is slowing, and there will be no increase in quota allocation for 2011.

Demand for specialty eggs of all types continues to grow in British Columbia faster than the demand for eggs in general and, as a result, a significant portion of existing quota holders are switching from classic white egg production to free run, free range or organic production. In addition, the new entrant program developed by the Board allocated 12,000 hens to new organic producers in 2010.

The Board had hoped to be able to allocate 100,000 hens specifically for processing egg production in 2011 but was unable to reach a satisfactory pricing arrangement for this to take place.

The Board has undertaken significant governance improvements in 2010. The consultation and communication process has been improved by holding regular meetings with the Egg Producers Association and rationalizing the Board committee structure to emphasize involvement of the Production Management Committee and the Finance Committee. In 2011 the Board will expand the consultation process to include more public interaction as well as increasing discussions with graders, processors and unregistered producers.

Food safety will be a major issue going forward and the *Start Clean – Stay Clean*™ Program, as well as the BC Poultry Biosecurity Program, will continue to be a major focus of Board operations. Biosecurity audits are already mandatory and *Start Clean – Stay Clean*™ audits must be completed for all producers by December 31, 2011.

The British Columbia Farm Industry Review Board (BCFIRB), under its new Chair, Ron Kilmury, is undertaking a number of new initiatives to improve the effectiveness of the entire supply management sector in BC. The BC Egg Marketing Board looks forward to working with BCFIRB to maintain and improve the successes of the egg industry.

John Penner retired from our Board in 2010 after seven years of service and Amyn Alibhai was elected to replace him. Thank you to John for his contribution to Board decisions, and welcome to Amyn.

Thank you to 2010 BC Egg Marketing Board members Fred Krahn, Ken Vanderkooi, Walter Siemens and Amyn Alibhai for their experience, wisdom and commitment to industry development and success.

Richard King, P.Ag.
Chair

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OVERVIEW OF PRECEDING YEARS

FISCAL 2010 VS 2009

The financial statements reflect the administrative structure to collect levies and disburse proceeds for the purpose of controlling the supply of eggs, administering various producer accreditation programs, and managing and promoting eggs in British Columbia. As a service agent of the national scheme, the BC Egg Marketing Board (BCEMB) purchases eggs from producers for resale.

As compared to the budget, Board expenses were below budget except committees, memberships and professional services, which were over budget due to additional work in support of the strategic plan and research in support of critical structural issues facing the egg industry. The Board expenses had an overall decrease of $18,438 over 2009 actual spending.

Administration had an increase over 2009 of $184,739. There were increases in 2010 in amortization, bad debts, salaries and benefits, telephone and travel. The increase in salaries and benefits is a reflection of ongoing organizational changes. The increase in travel is as a result of the Executive Director attendance at some strategic international conferences and Egg Farmers of Canada (EFC) meetings as well as a result of increased attendance and participation of other staff at the regional and national level. Total travel spending, however, was under budget. The amortization is directly related to the completion of the new Board meeting room as well as enhancements to the computer systems, especially the Producer Liaison Officers (PLOs) project. There were significant decreases in spending in 2010 in insurance, legal, professional development, and professional services.

As compared to the 2010 budget, only the salaries and benefits were over budget. All other administrative actual expenses in 2010 were under budget.

The Marketing expenses for 2010 were $127,822, which were down $560,130 over 2009. This decrease results from a postponement of a marketing campaign until we are confident that such expenditures align with our strategic plan. The actual 2010 spending was $633,178 under budget and links directly back to the postponement of the marketing campaign.

The Communications expenses for 2010 were $101,998, which were down $64,469 over 2009. Although BCEMB continues in its focus on communications initiatives, the reductions in Marketing had a direct impact on the spending level in Communications. As compared to budget, Communications expense was $133,002 under budget. All Communications expenses were under the anticipated budget levels.

In 2010 BCEMB continued its progress on initiatives that support the Strategic Plan of the organization. This included the wholesale changes to the work of the PLOs in the field, allowing them to leverage technology to support the value-added services we now provide.

MARKET OUTLOOK 2011

All category egg sales at retail were stable at the national level with a 0.6% increase over the 52 weeks ending December 2010. BC egg total sales, in comparison, increased 1.1% over the same period.

Nationally, regular white and brown egg sales grew by 1.7% in 2010 and account for 86% of the total egg segment. BC regular white and brown egg sales increased 1.6% in 2010. In contrast to the national methodology in egg segment definition, BC considers omega-3 eggs as regular, not specialty. The total number of regular white, brown and omega-3 eggs accounts for 88% of the total egg segment.

In 2010, omega-3 egg sales decreased by 8.2% nationally, and by 4.7% in BC.

Specialty egg sales (free run, free range, organic) increased 3.5% nationally in 2010 and 3.0% in BC. The specialty egg segment only accounts for a 3.5% market share nationally but accounts for a 9.4% market share in BC. BC has the highest market share of specialty eggs of any province in Canada. It is projected that within the next two years, specialty eggs will make up between 13% and 15% of the BC table egg segment.

Growth in the table egg consumption remains stable at 12.2 dozen per capita, with a small decrease in processed egg consumption at 3.9 dozen, for a total 16.1 dozen per capita. This compares to 15.7 dozen per capita in 2005.

Challenges and opportunities face BC egg producers, including the shifting demographics of an aging population, as the province's median age of 40.8 years is above the national average of 39.5 years. Getting older and spending less will challenge traditional staple food groups such as eggs.

KEY DEVELOPMENTS 2010

QUOTA ALLOCATION

The British Columbia Farm Industry Review Board (BCFIRB) approved the 2010 Quota Distribution Policy on November 5, 2010 and approved a 3.46% increase over current quota on a pro rata basis to all registered producers. A 2010 New Producer Entry Program was also approved, with preference given to certified organic egg production.

EGG HOUSING RESEARCH

The BCEMB has joined the Coalition for Sustainable Egg Supply. The coalition, which includes food companies, research institutions, non-government organizations (NGOs) and other industry stakeholders, is working to better understand the impact of various laying hen housing systems on a sustainable supply of eggs.

We believe this approach will help everyone involved in the food system make informed production and purchasing decisions. It will also help those individuals to better understand the need to consider environmental impact, food safety, worker safety, animal health and well-being, and food affordability in determining truly sustainable systems.

SUPPLY MANAGEMENT ECONOMIC IMPACT

The egg producers are members of BC Dairy, Egg and Poultry Industries (BCDEPI). An updated PricewaterhouseCoopers study, which was originally conducted in 2008, reports on the economic impacts of British Columbia's supply-managed commodity industries and the associated value chain. BCDEPI was found to be a significant contributor to the provincial gross domestic product (GDP). Economic output supported by the BCDEPI value chain is estimated to be $1.6 billion in nominal GDP and a significant contributor to provincial employment, supporting some 26,843 jobs in BC.

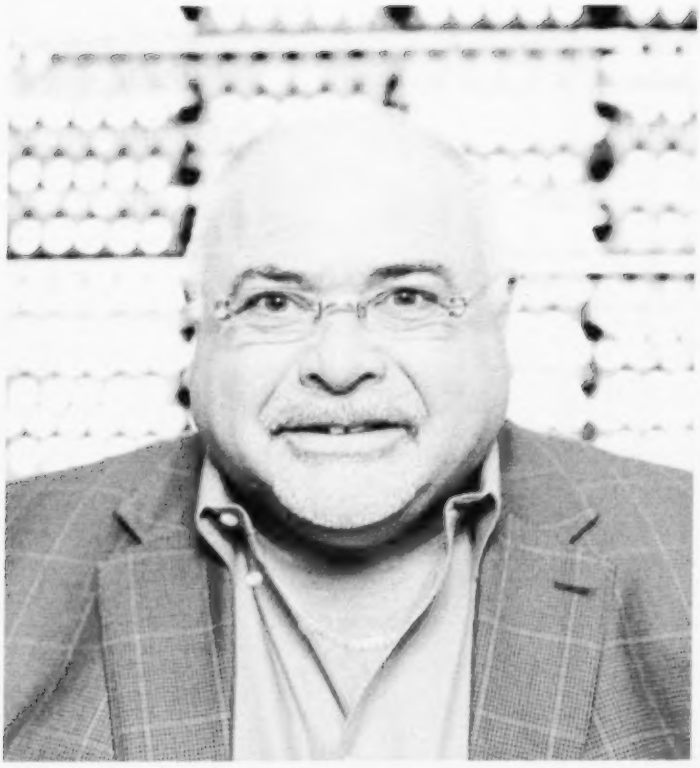
FOOD TRACEABILITY

Food traceability has become an important piece in the overarching process of providing safe food and connecting farmers and consumers. In BC, it is particularly relevant with our industry experience with diseases such as avian influenza and continuing concerns around *Salmonella enteritidis*.

The Board, in collaboration with other national industry stakeholders, is participating in a national egg industry traceability project. Federal legislation could come into force as soon as 2011; as a result, EFC is working to prepare for these changes by developing a set of national standards that would be used to trace eggs and flocks in Canada.

TRENDS THAT CONCERN US

A coalition of animal advocates in the state of Washington is actively working to get an initiative called the Prevention of Farm Animal Cruelty Act on the referendum 2011 ballot. The proposed initiative calls not for just a ban on eggs from caged housing but also on the sale of eggs from "battery-caged" hens. Given the socio-economic and cultural similarities of Washingtonians and British Columbians, we will closely follow the developments of our southern neighbours.



2010 EFC DIRECTOR'S REPORT

As your Egg Farmers of Canada (EFC) director for British Columbia, it is my privilege to provide an overview of some of our national egg industry activities in 2010. You will see how the EFC Board of Directors has been striving to preserve the pillars of supply management, strengthen stakeholder relationships, and incorporate social responsibility into our work culture while growing our markets and improving overall business efficiencies.

Beginning with EFC's financial position, it has remained essentially stable throughout 2010, with all fund balances safely inside the Board's established trigger points. At the end of Period 9 in September, the unrestricted portion of the Pooled Income Fund (PIF) stood at $24.8 million, while the unrestricted portion of the Administration Fund came in at just under $4.4 million. Key factors impacting the unrestricted portion of the PIF include a stronger Canadian dollar, a Canadian processor base price for large eggs averaging 49 cents year-to-date in October, and a projected year-over-year increase in industrial product volumes of at least a million boxes. As a result, the Fund is expected to end the year at around $22 million.

In November, the EFC Board of Directors approved the 2011 Budget, which had two changes to the 2010 levy rates. The unrestricted portion of the PIF increases 3.0 cents to 28.5 cents and the unrestricted portion of the Administration Fund has a decrease of 0.25 cents to 3.0 cents. The total EFC levy is 32.75 cents, with a net increase of 2.75 cents over 2010.

The November Board meeting was also significant for the fact that the 2009 Cost of Production (COP) Survey results and proposed updating methodologies were presented and approved, with implementation for January 2011. Of note, the national COP to produce a dozen eggs in 2009 was estimated at $1.5998. The national average rate of lay improved to 25.44 dozen eggs per bird annually, up from 24.99 in 2004, while the feed conversion ratio improved from 1.5759 kilograms of feed per dozen eggs in 1999 to 1.5246 kilograms in 2009. There was a slight increase in labour hours, largely due to changes in the survey format and questions, which captured more detailed data about time spent by farm workers on various duties. Following the approval of the COP formula methodology, the Board also approved a 0.5 cent increase in the recoverable portion of the provincial administration levy to 3.5 cents.

In order to preserve the pillars of supply management, EFC and its national supply management coalition partners (SM-5) have been closely monitoring the ongoing Canada-European Union Trade Agreement (CETA) negotiations and the World Trade Organization (WTO) Doha Round talks in Geneva. On the Canada-EU negotiations, we received assurances in October from the Canadian negotiator that Canada will not be making concessions on supply management. Prior to this announcement, EFC had made its concerns known to the Minister of International Trade

over the fact that the federal government had not asked to have supply management kept off the table at the outset of the talks. EFC Chairman Laurent Souligny and CEO Tim Lambert met politicians in November, encouraging Canada to remain firm and defend this position throughout the CETA negotiations – in addition to those of the Trans-Pacific Partnership, should Canada participate.

In 2010, the WTO negotiations experienced a lull and were less intense than in previous years due to an absence of political momentum. At their November summit, however, G20 leaders gave the political signals necessary to resume negotiations, and it is widely expected there could be a push to conclude the Doha Round by December 2011. We remain concerned with both the number and treatment of sensitive products, just as we remain concerned about the most recent revised draft modalities text on agriculture. Working in collaboration with our national SM-5 partners, we have had and will continue to have a strong presence at home and abroad to ensure our politicians are aware of these concerns. Egg farmers are encouraged to follow the latest trade developments in the Geneva Watch updates at www.eggs.ca and to keep their Members of Parliament informed of our trade concerns and the benefits of supply management to the Canadian economy. On a related matter, the lull in negotiations in Geneva offered EFC and its national SM-5 partners an opportunity to approach countries and international agriculture organizations with similar needs and sensitivities to supply-managed industries in order to form a common front.

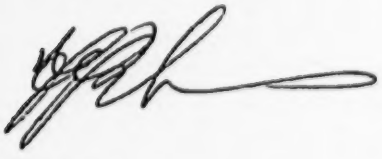
Regarding social responsibility, our objective as an industry is to go above and beyond government and consumer expectation because it is the right thing to do. We also recognize that, while it's important to be good at what we do, we must also show we genuinely care about what we do – that we care about the welfare of our hens, food safety, nutrition, the environment and our communities. To better understand the concept of social responsibility in 2010, EFC carried out consultations with provincial boards to discuss implications for farmers and for the industry as a whole. Part of this process involved determining whether farmers' values align with those of consumers – which they do – and emphasizing the importance of leadership and citizenship. As farmers, it is our utmost responsibility to maintain our farms according to the acceptable criteria of our Animal Care Program and the *Start Clean – Stay Clean*™ on-farm food safety program.

In 2010, we achieved a breakthrough on the issue of compensation for egg farmers whose flocks are ordered destroyed under the *Health of Animals Act* due to avian influenza. Minister of Agriculture and Agri-Food Gerry Ritz acknowledged, in a letter to EFC, that the current $8 maximum per

hen is inadequate. After four years of consultations with the Canadian Food Inspection Agency, we are expecting a new higher maximum to be in place soon.

To strengthen our response efforts in the unlikely event of a human health, food safety, or animal health issue related to eggs, EFC coordinated traceability concept trials. These trials were conducted at large- and small-scale grading stations in four provinces as part of our efforts to develop national egg traceability standards. Our goal is to establish a set of operational standards for an egg traceability system, allowing the ability to quickly trace up or down the supply chain to determine the source of any problem.

On the subject of research, EFC has officially entered into a multi-year partnership with Laval University to establish a first-ever Economic Research Chair on the egg industry in Canada. The objective is to generate a critical mass of knowledge about the egg industry while fostering innovation through targeted funding of specific projects. Led by Dr. Maurice Doyon, the Economic Research Chair will study key issues such as specialty eggs, trade, and pricing models. In 2011, EFC is looking to establish Research Chairs at other universities specializing in animal care and nutrition.



Fred Krahn
EFC Director

1 NEW EGG PRODUCER

2 NEW CERTIFIED LIAISON OFFICERS

NEW PRODUCERS

In February 2010, a New Producer Lottery was conducted by the BC Egg Marketing Board. Four names were selected out of 120 entrants to receive a 3,000-bird quota to produce specialty eggs. Following is the story of one of the families selected and how becoming a new egg producer has changed their lives.

MEET THE FAMILY

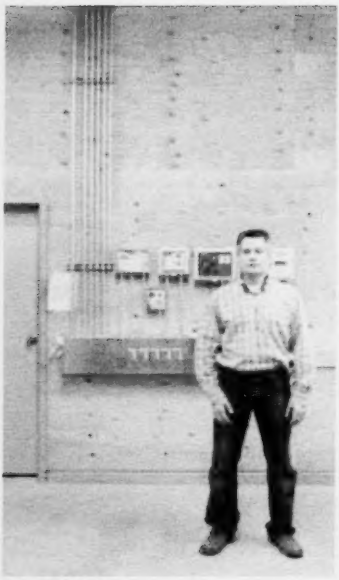
Phil and Janita Minderhoud and their five children, Holly, Abby, Janessa, Taylor and Aiden, were one of the fortunate families selected to become new egg producers. Realizing that entering the egg farming industry really appealed to them, they forwarded an application to become a New Producer upon hearing a friend's suggestion. For Janita, having grown up on a dairy farm, the lifestyle and business of farming wasn't completely new to her. So when the family saw a potential opportunity to get into egg farming, it felt like a homecoming for Janita.

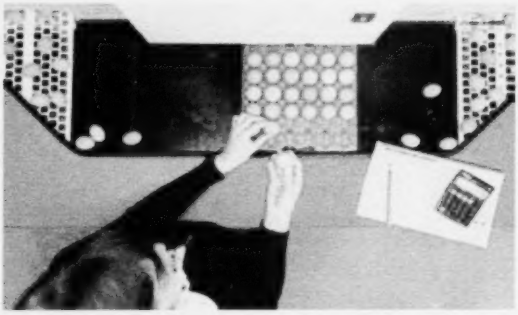
On March 1, 2010, Janita and Phil received the news that their names were selected to become new egg producers. While this was very exciting news, they realized they had to make some big changes to their current lifestyle in order to make it work. The couple initially looked into building a barn on their existing property but came to the conclusion that the family would have to move to a more suitable property for an egg farm.

The family was lucky to find a new home and sell their old one fairly quickly, and by July 2010, the family had moved from their "big house in the woods to a little house on the prairie," as Janita eloquently puts it. When Janita and Phil first told their children they were moving, Aiden declared that he'd run away if the family moved. But now that he's fully settled into his new home, he couldn't be happier. As difficult as these moves can be, Phil says the transition for the family has been wonderful.

LEARNING TO BECOME EGG FARMERS

At the time of this interview, Phil had recently taken a new job, so the everyday maintenance of the farm has become Janita's responsibility. For Janita, one of the biggest challenges in becoming an egg farmer is being responsible for the well-being and care of the birds, including ensuring the entire production system is running properly, knowing all of their computers are programmed correctly,





and making sure the ventilation will activate the fans to efficiently circulate air in the barn. Technology on the farm is evident throughout the egg production process. From the air the birds breathe to the conveyer belt the eggs are delivered on, technology touches every step of the process. Janita was particularly surprised by the extent of monitoring that is required in order for the farm to run properly. An egg farmer's duty extends beyond just picking up the eggs once they're laid. For example, Janita regularly checks the computer systems and the birds to ensure everything is okay. The barn's computer alarm is even set up to call Janita's cellphone if it detects a fault within the system that could be harmful to the birds.

When Janita and Phil looked to other egg producers for help in understanding how the advanced technology worked, other farmers provided them with examples of how their computers were programmed so the couple could ensure their systems were running correctly and effectively. The couple explained that the entire egg industry, including the BCEMB, has been very supportive. They were particularly pleased with how the BCEMB has made the overall experience of becoming a new egg producer very positive.

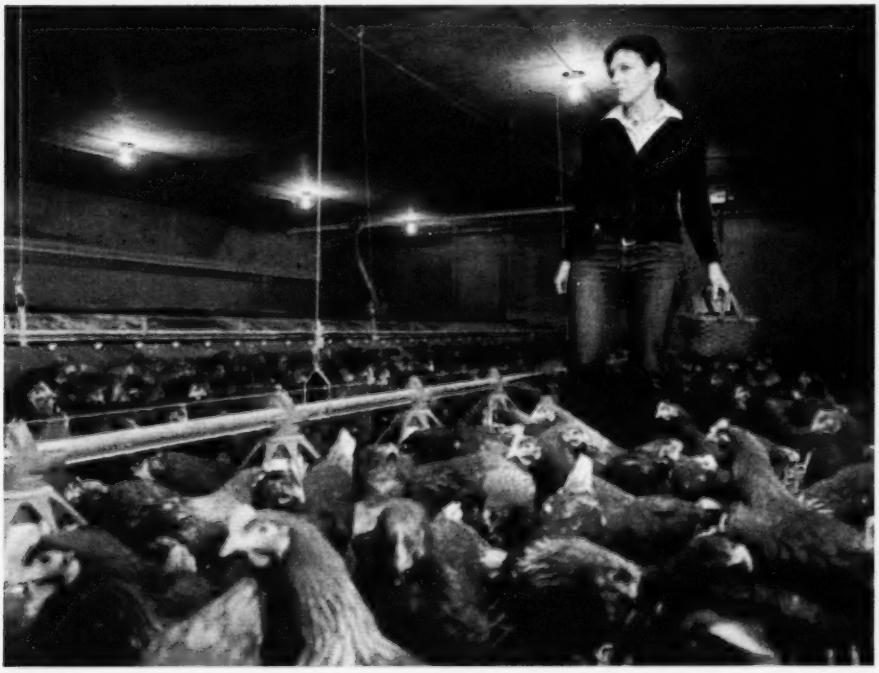
Being new to egg farming, the entire family has learned a great deal, not only about egg production and equipment, but also about the birds themselves. When we asked the Minderhouds to share some of the information they've learned about the birds since becoming egg producers, one of the facts they found interesting was how the weight of the bird predicts the size of the egg. Another interesting piece of information they learned was how the size of the bird's comb can be a good indicator of how mature the birds are in their development, as well as acting as a telltale sign of a bird's health.

NEW EXPERIENCES

Of course, there are bound to be some difficulties in being a new egg farmer. For Janita, the welfare of the birds is her number one concern. As she described her most difficult experience to date, the passion for the birds' health was really evident. When asked if she thought seeing sick birds would get any easier, she explained how most of the experienced farmers she's talked to still express the same concern and sadness for any animals they lose along the way.

However, the positives of egg farming have greatly outweighed any of the difficulties the family has faced. We asked each family member what they enjoyed most about farming. Taylor, the eldest son, enjoys getting to eat fresh eggs every day and his brother Aiden likes collecting the eggs, so every egg laid is an exciting experience. Janessa enjoys observing the birds, while Abby simply loves the birds themselves, as well as drawing them. We were shown some of Abby's beautiful drawings, which captured even the smallest of details of each bird. Holly, the youngest farmhand and Janita's everyday assistant, loves running the egg belt and counting the number of eggs the birds lay. Phil loves the fact that all of the work done on the farm, whether it's maintenance or taking care of the animals, directly benefits the family, and Janita's greatest joy is walking around the barn and property, knowing everything is running well and everything is the way it should be.

In the short time that this family have been egg producers, the entire Minderhoud clan has learned a great deal about what it takes to run a successful egg farm, and they are looking forward to getting a full year of egg production under their belt. As new egg producers, the Minderhoud family stands as a positive example for the development and growth of the egg industry.



PRODUCER LIAISON OFFICERS

Dale Fischer and Randy Friesen, Producer Liaison Officers (PLOs), represent the BC Egg Marketing Board to our producers and to industry stakeholders. They work with producers to ensure that regulatory obligations are adhered to within BCEMB's Consolidated Order (rules), BC Poultry Biosecurity Programs, and the Egg Farmers of Canada *Start Clean – Stay Clean*™ and Clean Start programs. Dale and Randy also assist with the training, development and delivery of existing and new programs.

We conducted an interview to help readers get to know Randy and Dale better and to understand how their roles have evolved to better serve BC egg producers.

HOW LONG HAVE YOU WORKED AT THE BC EGG MARKETING BOARD?

Dale: I've been working as a PLO at the BCEMB for nine years. Prior to working at the BCEMB, I worked in the agriculture business in different capacities for 15 years.

Randy: I started working at the BCEMB about 15 months ago. My family has always been involved in the egg business. Before I started at the BCEMB, I was working in a division of the family company that sold baby chicks.

WHAT PREREQUISITES ARE REQUIRED TO DO THIS JOB?

Dale: Initially, it was the experience of working with farmers, but since that time we've taken courses that have helped us perform our jobs better. One of those courses was the PAACO-certified farm auditors course, as well as a conflict resolution course from the Justice Institute of BC.

Randy: Knowing the egg industry has really helped me in doing my job as a PLO. Having been on the other side of the table, I know what it feels like to be policed and I appreciate there has to be a relationship built between the producer and the PLOs. There's a job we have to do and there's a job the producer has to do, so there needs to be an understanding that the two have to work together.

CAN YOU DESCRIBE A DAY IN THE LIFE OF A PLO?

Dale: We'll phone the farm about a week ahead of time, and then on the day of our scheduled visit, we'll perform all four job functions at the farm. Those functions include a flock count, including access to the barn and records, a review of *Start Clean – Stay Clean*™ procedures, BC Poultry Biosecurity audits and, once a year, a *Salmonella enteritidis* (Se) test on every flock in BC. Because we use a tablet computer that's able to formulate all of the results directly, and almost instantaneously, we can email the results to the BCEMB office as well as to the farmers immediately. This allows us to spend a little more time in the field, and a little less time in the office.

Randy: Aside from what Dale described, I usually come into the office a little early and read up on the different news and trends in the industry. I think it's a responsibility for us as liaison officers to be able to speak intelligently about what's going on in the industry. So whether it's pressure the industry faces from outside forces or new production technologies, we should be able to help inform the producers.

WHAT DO YOU ENJOY MOST ABOUT THE WORK THAT YOU DO?

Randy: The best part of my job is being able to interact and communicate with the egg farmers. For me, it's the perfect job.

Dale: I enjoy working with the producers and ensuring that the public is getting the absolutely safest egg products.

DOES YOUR JOB PROVIDE YOU WITH CHALLENGES? WHAT ARE THEY?

Dale: There are a few producers who are still a little guarded when we come on the farm. This is due to the way we used to do the job in previous years, acting in more of a policing capacity. With the Board's direction, we're now creating more of a positive atmosphere where we're working together with the producer.

CAN YOU DESCRIBE A DIFFICULT SITUATION THAT OCCURRED FOR YOU WHILE DOING YOUR WORK?

Dale: From an industry point of view, the avian flu scare that happened a couple of years ago was a difficult situation. During the scare, the PLOs continued to test and, in some cases, acted as a liaison between the Canadian Food Inspection Agency and producers because there was a little tension there.

WHAT CHANGES HAVE TAKEN PLACE IN YOUR JOB? ARE THE CHANGES POSITIVE?

Dale: About a year and a half ago, the Board asked us to implement a friendlier and value-added approach to our job function. Where previously PLOs were acting as policing agents to the industry, we now strive to work in partnership. For example, instead of showing up to a farm unannounced, we now schedule visits.

Randy: There are two ways of doing an audit. You can come down on a producer by policing them or you can sit down with the individual and have a discussion. By allowing us to work as partners with the producers, we're getting a lot more cooperation from them. Again, being able to build relationships with them helps us do our jobs better.

Dale: Biosecurity has become very important over the last few years, especially with the problems in the US. There's been a big change in the producers' attitude toward biosecurity, and even in the PLOs' job function.

Randy: The Board had us implement the *Start Clean – Stay Clean*™ Program, along with the BC Poultry Biosecurity audit, to help ensure that the industry is taking all possible measures to mitigate any risks and prevent any biosecurity issues.

WHAT KIND OF TECHNOLOGY IS INVOLVED IN YOUR JOB?

Dale: We now have a computer program, developed by Randy and Vanessa from the BCEMB office, that incorporates three different audits into one computer program. So now we can ask the producers one question, and answer three different audits at the same time.

Randy: We've been able to remove any repetitive questions. The tablets we use are fully functional computers similar to laptops. They're easily portable and thus allow us to work virtually anywhere. Now we can email the results to the producer, the Board and all of the other required personnel immediately. It's made the process far more efficient, made our jobs easier and, most importantly, requires far less time and work for the egg producer.

WHAT KIND OF PRESSURES COME WITH YOUR JOB?

Randy: PLOs are the intermediary between the consumer and the farmer in ensuring that food is safe. The farmers are responsible for keeping the farm clean, but we're responsible for doing the tests. If that farm ends up testing positive or, worst case scenario, if someone gets sick from eating an egg from that farm, we're the ones who are ultimately responsible. It's always in the back of our minds. There's a good deal of stress in knowing we're responsible for the public's health and safety.

Dale: There are also a fair amount of time constraints involved with the job. We have to ensure we're doing all testing on every flock, as it's a food safety issue. We conduct the BC Poultry Biosecurity and *Start Clean – Stay Clean*™ programs annually and there's a two- to four-week time frame for the flock variation counts. We have to ensure we're able to meet these deadlines.

IN YOUR OPINION, WHAT MAKES THE BC EGG INDUSTRY UNIQUE?

Randy: The challenges that lie ahead. We face animal welfare questions every day that aren't faced in the milk, chicken or turkey industries, and it's because of the way the conventional egg producing system is portrayed. I've been involved in this industry my entire life, and it's rather unfortunate that a protein source like this gets picked on as badly as it does today.

Dale: We follow a national ordinance regarding cage capacity, so producers will be penalized if they over-populate the cages or if they don't meet the minimum size. It's all very scientific, and has been developed outside of the industry. So it really makes sense.

Like the BCEMB, Dale and Randy are passionate about servicing BC egg farmers. Randy and Dale will continue to work with farmers to develop trusting relationships and ensure the industry is functioning in the most effective and safest way possible. BC egg farmers will no doubt see one of these two individuals on their farm sometime soon.

BOARD GOVERNANCE

BOARD GOVERNANCE

The Board is made up of four elected Directors and an independent Chair appointed by the provincial government.

The Board determines the organization's strategy and policies, sets objectives for the Executive Director, approves budgets and levies, and discharges its fiduciary obligations to producer members.

ACCOUNTABILITY

The Board's commitment to accountability is a set of policies and practices codified in a Board manual for Directors. The Board manual covers such items as terms of reference for the Board, the Chair, Directors and the Executive Director as well as the Code of Conduct for Directors and the Executive Director. The policies also set out how committee memberships are established and important review processes that the Board must undertake, including an annual strategic planning session.

TRANSPARENCY

The BCEMB provides a comprehensive public explanation of its operations through this annual report, its Advisory Committees and public interaction, and by posting policy and responses via the Internet as well as at public meetings. This transparency exceeds the requirements of regulation and is designed to provide as much information as possible to the public.

COMMITTEES

Two Board committees meet as required to assist the Board in discharging its fiduciary obligations:

FINANCE

The Finance Committee is charged with overseeing financial responsibility, assessing the organization's risk and control environment, and evaluating internal control and the independent audit process.

EGG INDUSTRY ADVISORY

The Egg Industry Advisory Committee (EIAC) operates as an advisor to the Board of Directors, either at the Board's request or on its own initiative, to consider recommendations made by the Board that affect the egg industry.

STRATEGIC PLAN COMES TO LIFE

Leadership starts with a plan. That's why, starting in 2009, the Board and senior leadership team embarked on a strategic planning process that would determine our course for the next three years. The 2010 plan is focused and disciplined, flowing from a new Vision and Mission targeted at ensuring shared value and industry sustainability.

VISION

A cohesive, profitable and growing egg industry that meets the needs of consumers in a socially and environmentally responsible manner.

Industry prosperity requires sustained growth in both revenues and profits with fair returns for efficient egg producers and continuous improvements in competitiveness that meet the needs of consumers.

MISSION

To collaborate with the Egg Farmers of Canada to grow our markets.

The egg industry is committed to leading positive industry change to achieve distinctive, sustainable industry value through the development of mutually beneficial solutions and relationships with our farmers, customers and suppliers.

APPROACH

Develop strong producer programs that meet the needs of consumers while respecting our social licence and continually raising the bar on health, safety and sustainability issues.

As an industry, we must continue to work together on the important issues of profitable growth, sustainability, consumer confidence, value chain transformation, and productive relationships.

OUR THREE PRIORITIES

1

ON-FARM STANDARDS AND EFFICIENCY

to be a recognized industry leader in food safety and on-farm best management practices

2

CONSUMER AND PUBLIC AWARENESS

to increase per capita consumption of BC-grown eggs

3

ADEPT AND AGILE ORGANIZATION

to be a responsible employer and corporate citizen

RAPPORTS 2010

2010 REPORTS

COMITÉ FINANCIER		FINANCE COMMITTEE
GESTION DE LA PRODUCTION		PRODUCTION MANAGEMENT
APPUI À LA COMMUNAUTÉ		COMMUNITY SUPPORT
RESPONSABILITÉ DE GESTION		MANAGEMENT'S RESPONSIBILITY

FINANCE COMMITTEE

The Finance Committee is responsible for overseeing the integrity of BC Egg Marketing Board's financial statements, its independent auditor, and its internal audit function, and for ensuring compliance with legal and regulatory requirements. Its primary duties are to advise and make recommendations to the Board of Directors that support and protect its member-producers by:

- Reviewing and discussing with auditors and management the audited financial statements and related footnotes that are included in the Annual Report
- Reviewing the annual budget prepared by management
- Ensuring that an effective system of internal controls has been established and implemented by management
- Reviewing and approving the auditors' annual audit plan and any other non-audit work performed
- Ensuring compliance and/or developing any other policies that protect the organization and manage its exposure to risk

Respectfully submitted,

Walter Siemens, Chair

PRODUCTION MANAGEMENT COMMITTEE

The Production Management Committee (PMC) is composed of egg producers whose role and mandate is to act as advocates and as fellow advisors to BC egg farmers in matters pertaining to production practices and related farm issues. The PMC is a voluntary committee whose objective is to support producers in achieving their full farm potential rating in the on-farm food safety and biosecurity programs. In addition, the PMC continues to work jointly with producers, non-farming neighbours, BCEMB staff, and BCFIRB to address any complaints and/or industry concerns.

START CLEAN – STAY CLEAN™ PROGRAM & BIOSECURITY

Consumers can be assured that they receive the highest quality eggs from healthy, well-cared-for flocks. Through the national *Start Clean – Stay Clean*™ (SCSC) Program, registered BC egg farms are regularly screened for *Salmonella enteritidis* (Se) bacteria. The SCSC Program, which is a national food safety program based on Hazard Analysis Critical Control Points (HACCP) principles, focuses on sound management practices and operating procedures to reduce, prevent or eliminate potential hazards in the Canadian egg industry. In support of a recommendation made by the PMC in February 2010, the Egg Board resolved that the SCSC Program will be mandatory and that all registered producers must obtain full certification by December 31, 2011.

In addition to the national SCSC Program, all of our egg farmers adhere to the mandatory BC Poultry Biosecurity Standards. In fact, British Columbia is the first and only province to develop and activate such standards to protect flocks from a variety of infectious poultry diseases.

We are pleased to report that there was 100% participation in both the SCSC-HACCP Program and BC Poultry Biosecurity Program. Both programs were delivered successfully by our Producer Liaison Officers (PLOs) in 2010.

DEVELOPMENT IN PROGRAM DELIVERY

The PLOs and BCEMB staff have created a new database that eliminates the repetitiveness, redundancy and paperwork generated from the assessment of various audits. The electronic program addresses the requirements of the *Start Clean – Stay Clean*™ Program, the BC Poultry Biosecurity Program, and the Clean Start Program (to be implemented in the near future), allowing the field officers to complete their audits in less time, resulting in less disruption at the farms and increased efficiency. A new scoring program will eliminate any ambiguity and the data obtained will assist the Board with risk mitigation assessments and corrective actions for non-compliance.

Future plans for the program include linking the data to dates and producer names for future follow-up, which will highlight outstanding corrective actions. In addition, it is envisioned that registered producers will be able to log on to the website and access such information as quota credits, chick placements, mortality rates, etc.

RECOGNIZING EGG FARMER EXCELLENCE

Registered BC egg farmers who are in good standing with the BCEMB and who excel in food safety and animal care practices are honoured with *Producer of the Year* awards.

Producers of the Year are recognized for their excellence in the following areas:

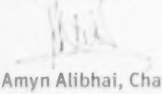
- A minimum of 95% on the SCSC (Layers) Program
- A successful SCSC (Part 3) audit with accompanying HACCP certification
- A minimum of 95% on the Animal Care Program

We are pleased to report that seven more egg production units achieved full certification in 2010. In total, we now have 19 farms that have achieved and maintained their full accreditation status.

Although we are moving forward positively every year and have made great strides in our farm management over the last decade, we still have much work to do by the end of 2011 to ensure total industry compliance in obtaining full SCSC certification. There are currently 127 registered egg producers, of which only 19 are certified. This comprises only 15% of all BC registered egg production units.

BC egg farmers have continued to improve in all facets of animal husbandry, food safety, environmental stewardship, and biosecurity on a yearly basis. Producers have taken proactive measures to ensure that the egg industry continues to provide comprehensive health management and care to animals while providing safe and nutritious eggs to all consumers.

Respectfully submitted,



Amyn Alibhai, Chair

COMMUNITY SUPPORT AND OUTREACH

The BC Egg Marketing Board participated in a number of events in 2010 to support the community:

Pacific Agriculture Show 2010
January 28 – 30, 2010. TRADEX, Abbotsford.

BC egg farmers and farming were again featured at the annual Pacific Agriculture Show in Abbotsford, BC. This event provides an opportunity for the public to speak with and ask questions of an actual BC egg farmer. Recipes and egg nutrition materials were made available to promote healthy meal choices that are flavourful as well as nutritious.

2010 Winter Olympics – A Canadian Food and Wine Affair (BC Day)
February 14, 2010. Vancouver Art Gallery.

Hosted by the BC Ministry of Agriculture and Lands, this event was the first day of a 10-day series where a different province was featured each day. BC Day featured the diversity and bounty of BC and Canadian agriculture. Well-known BC chefs were invited to prepare unique dishes featuring locally produced products.

Pacific National Exhibition
August 20 – September 6, 2010

Discovery Farms sets up an Egg Barn display every year at the PNE. The BCEMB supplies the exhibit with information resources and egg industry background, including information about farmers.

2010 BC Turkey and Eggs Charity Golf Tournament
September 1, 2010

In an effort to do our part and to help the Union Gospel Mission (UGM) feed those less fortunate, the BC Turkey Association and the BC Egg Producers Association have hosted a charity golf tournament since 2005 as a joint fundraising event to provide the UGM with turkey meat and eggs from local BC farms. Feeding people is what our farmers do – this year, the tournament raised $50,000.

A Day At the Farm
September 11, 2010

For the past four years, BC egg farmers have set up a display booth at the annual "A Day At The Farm" event held in Langley, BC. This is an urban-meets-rural event where the public can speak directly to producers from different agricultural sectors and enjoy activities – such as hayrides – that can only be experienced on a farm. Spice cards, recipes and egg information were made available.

CIBC Run for the Cure
October 3, 2010. Vancouver.

The Canadian Breast Cancer Foundation CIBC Run for the Cure – Canada's largest single-day volunteer-led fundraising event – is dedicated to raising funds for breast cancer research and for education and awareness programs. Each year, thousands of Canadians participate in the Run. As EFC sponsored the race warm-up for each province, BCEMB provided two volunteers to man a booth. EFC supplied the T-shirts for the warm-up crew and some additional T-shirts as giveaways during the warm-up. More than 12,000 runners took to the streets in 2010, making it the most successful run in the country. We were proud to represent eggs as the healthiest food choice for runners at the event.

Eggs Go for Gold School (EGGS) Program
Continuation from 2009

Created in partnership with the Canadian Paralympic Committee (CPC), this event brings BC Paralympian Andrea Holmes into schools to talk about how eggs fuel her performance and benefit her health as an athlete.

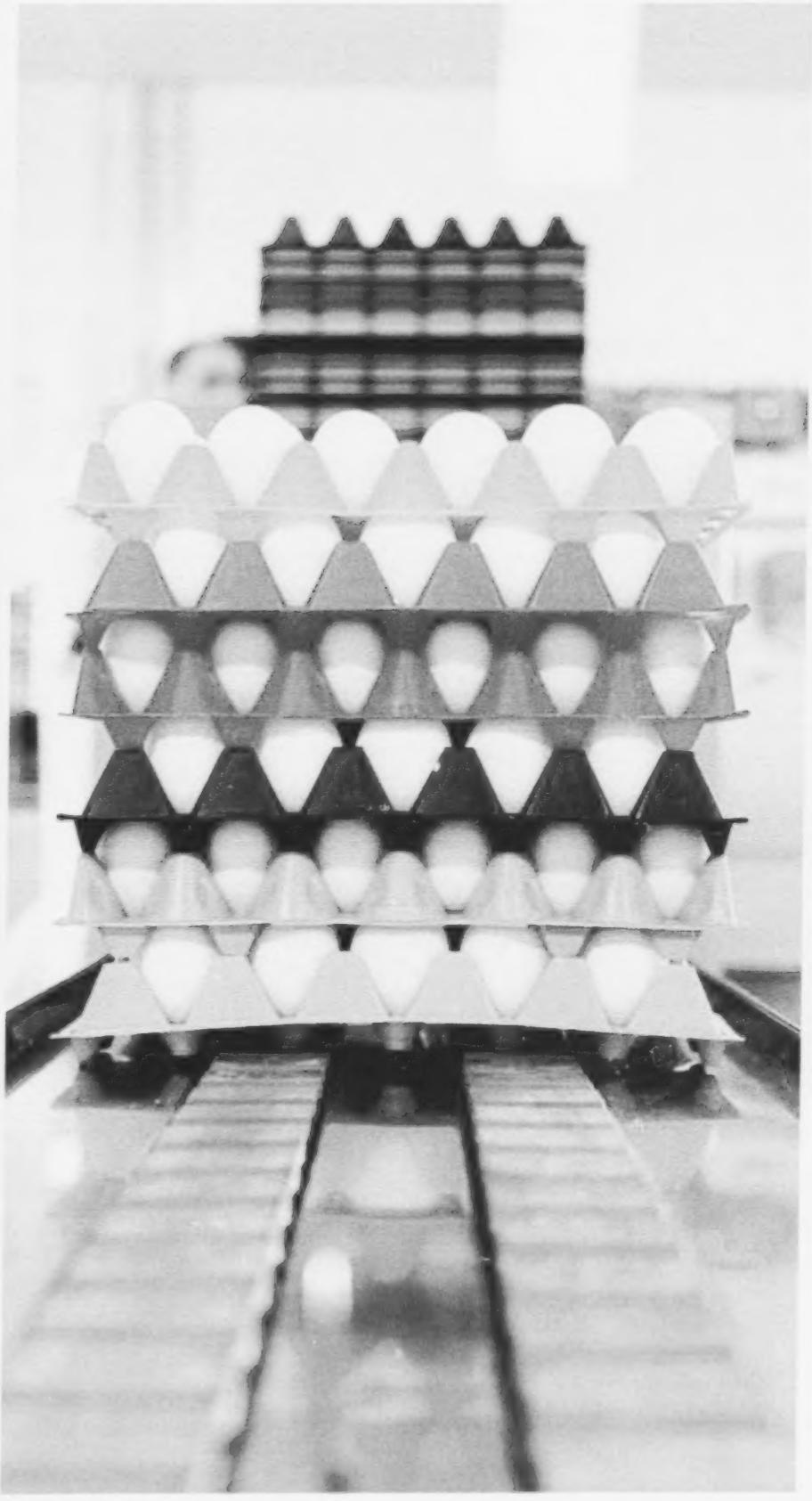
Take a Bite of BC, a BC Agriculture in the Classroom (BCAITC) Foundation Program
November 2010

2010 marked the second year of Take a Bite of BC, where BC-produced agri-food products are donated to approximately 64 teaching kitchens in BC secondary schools. The program encourages culinary arts students to become more informed about BC agriculture, to experience cooking with new products, and assists them in preparing a lunch menu for fellow students.

In 2009, 14 schools participated in the program from September to December. The 2010–2011 academic year will see a total of 33 schools participate between September and May. BC eggs were featured with milk and cheese in November. The BC egg industry donates two boxes of eggs per school.

JOEY'S Open
November 23 – 28, 2010

Started three years ago, this tournament introduces top tennis players from the Lower Mainland and draws enthusiastic crowds. BCEMB sponsored the event and BC eggs were featured as a high energy food for athletes.



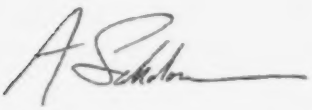
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of the British Columbia Egg Marketing Board have been prepared by management in accordance with Canadian Generally Accepted Accounting Principles (GAAP).

Any financial information contained elsewhere in this report has been reviewed to ensure consistency with the financial statements.

Management is responsible for the integrity of the financial statements and has established systems of internal control to provide reasonable assurance that assets are safeguarded, transactions are properly authorized, and financial statements are prepared in a timely manner.

The BCEMB maintains a system of internal accounting and administrative controls. They are designed to test the adequacy and consistency of internal controls, practices, and procedures. As independent auditors appointed by the Board of Directors, Meyers Norris Penny LLP has audited the financial statements of the BCEMB. The Auditors' Report outlines the scope of this independent audit and expresses an opinion on the financial statements of the BCEMB.

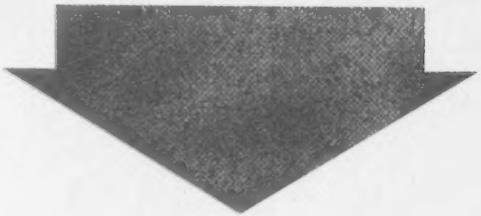


Al Sakalauskas
Executive Director
February 11, 2011

Anne-Marie Butler
Director, Finance and Administration
February 11, 2011

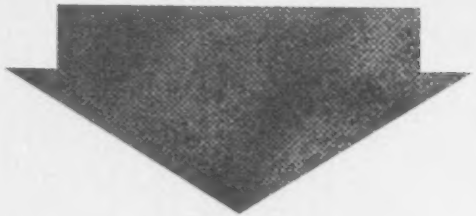
ÉTATS FINANCIERS VÉRIFIÉS

25 DÉCEMBRE / 2010



AUDITED FINANCIAL STATEMENTS

DECEMBER 25 / 2010



INDEPENDENT AUDITORS' STATEMENT

To the Members of BC Egg Marketing Board:

We have audited the accompanying financial statements of BC Egg Marketing Board, which comprise the statement of financial position as at December 25, 2010, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of BC Egg Marketing Board as at December 25, 2010 and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Meyers Norris Penny LLP

Chartered Accountants
February 10, 2011

300 – 32988 South Fraser Way, Abbotsford, British Columbia, V2S 2A8
Phone: (604) 853-9471, 1 (877) 853-9471

BC EGG MARKETING BOARD
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 25, 2010

	2010	2009
ASSETS		
Current		
Cash	**5,726,999**	5,517,315
Accounts receivable	**3,194,227**	2,803,228
Prepaid expenses and deposits	**37,390**	29,475
	8,958,616	8,350,018
Capital assets *(Note 3)*	**645,388**	471,426
Long-term investments *(Note 4)*	**2,859,127**	2,869,505
	12,463,131	11,690,949
LIABILITIES		
Current		
Accounts payable	**2,287,495**	2,159,918
Accrued liabilities	**1,412,363**	950,452
Levies transferable to EFC	**834,926**	764,581
	4,534,784	3,874,951
Commitments *(Note 5)*		
Subsequent event *(Note 6)*		
NET ASSETS		
Investment in capital assets	**645,388**	471,426
Unrestricted	**7,282,959**	7,344,572
	7,928,347	7,815,998
	12,463,131	11,690,949

Approved on behalf of the Board

DIRECTOR **DIRECTOR**

The accompanying notes are an integral part of these financial statements

BC EGG MARKETING BOARD
STATEMENT OF OPERATIONS
FOR THE 52 WEEK PERIOD ENDED DECEMBER 25, 2010

	2010	2009
REVENUE		
Levies and license fees *(Note 7)*	**4,905,581**	5,786,291
Less: transferred to Western Pool	**(156,397)**	(267,381)
	4,749,184	5,518,910
Sale of eggs to grading stations	**108,217,962**	102,928,237
Less: purchase of eggs from producers	**(108,217,962)**	(102,922,944)
Interest and sundry income	**78,475**	85,113
Total revenues	**4,827,659**	5,609,316
EXPENSES *(Schedule 1)*		
Administrative expenses	**2,098,763**	1,914,024
Board expenses	**745,255**	763,693
Marketing expenses	**127,822**	687,952
Communication expenses	**101,998**	166,467
Provincial industrial product and post farm gate costs	**1,660,472**	2,053,366
Total expenses	**4,734,310**	5,585,502
Excess of revenues over expenses before other items	**93,349**	23,814
Other items		
Other income	**19,000**	7,351
Excess of revenues over expenses	**112,349**	31,165

The accompanying notes are an integral part of these financial statements

BC EGG MARKETING BOARD
STATEMENT OF CHANGES IN NET ASSETS
FOR THE 52 WEEK PERIOD ENDED DECEMBER 25, 2010

	Investment in capital assets	*Unrestricted*	**2010**	2009
Net assets beginning of year	471,426	7,344,572	**7,815,998**	7,784,833
Excess of revenues over expenses	–	112,349	**112,349**	31,165
Change in investment in capital assets	173,962	(173,962)	**–**	–
Net assets, end of year	**645,388**	**7,282,959**	**7,928,347**	7,815,998

The accompanying notes are an integral part of these financial statements

BC EGG MARKETING BOARD
STATEMENT OF CASH FLOWS
FOR THE 52 WEEK PERIOD ENDED DECEMBER 25, 2010

	2010	2009
Cash provided by (used for) the following activities		
Operating activities		
Excess of revenues over expenses	**112,349**	31,165
Amortization	**129,185**	64,922
Bad debts	**54,636**	6,913
Equity loss on investment	**49,378**	54,693
Loss on disposal of capital assets	**4,202**	–
	349,750	157,693
Changes in working capital accounts		
Accounts receivable	**(445,635)**	(372,413)
Prepaid expenses and deposits	**(7,915)**	24,101
Accounts payable and accruals	**659,832**	1,805,259
	556,032	1,614,640
Investing activities		
Purchase of capital assets	**(307,348)**	(376,880)
Interest income credited to investment	**(39,000)**	(39,000)
	(346,348)	(415,880)
Increase in cash resources	**209,684**	1,198,760
Cash resources, beginning of year	**5,517,315**	4,318,555
Cash resources, end of year	**5,726,999**	5,517,315
Supplementary cash flow information		
Interest paid	**5,281**	6,349
Interest received	**78,475**	85,113

The accompanying notes are an integral part of these financial statements

BC EGG MARKETING BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED DECEMBER 25, 2010

1. Incorporation and commencement of operations

The British Columbia Egg Marketing Board ("the Board") was established in 1967 under the *Authority of the Natural Products Marketing (B.C.) Act*. The Board operates under the British Columbia Egg Marketing Scheme, 1967, respecting the control, management and promotion of the marketing of eggs in British Columbia.

The Board purchases eggs from producers for resale and acts as the B.C. agent for the Egg Farmers of Canada ("EFC") for collection of EFC's administration levies and industrial product removal levies, and administers various national egg movement programs.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles using the following significant accounting policies:

Investments

The Board accounts for its 50% interest in Central Agricultural Facility Ltd. ("CAFL") using the equity method. Under the equity method, the investment is recorded at original cost plus the Board's share of undistributed earnings (loss) since inception. The statement of operations includes the Board's share of investee income or loss for the year.

The Board has designated its advances to CAFL as loans and receivables and records them at amortized cost, which is equal to the carrying amount.

Capital assets

Capital assets are recorded at cost. Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

	Rate
Automotive	33 %
Computer equipment	20–33 %
Office equipment	20–33 %
Leasehold improvements	10 %

BC EGG MARKETING BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED DECEMBER 25, 2010

2. Significant accounting policies

(Continued from previous page)

Revenue recognition

Revenue from sales of eggs, including associated levies, are recognized on a weekly basis as the grading process is completed.

Marketing levies collected on the special permit birds are recognized as revenue when the associated services are provided and the related expenditures are incurred. Prepaid levies that have been collected for producers in advance of the related production week are recognized as revenue when the production week occurs.

Income taxes

The Board is a not for profit organization and is exempt from income taxes pursuant to subsection 149(1)(e) of the *Income Tax Act*.

Employee future benefits

The Board's pension plan is a defined contribution plan and contributions are expensed as required.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

Financial instruments

Held for trading:

The Organization has classified the following financial assets and liabilities as held for trading: cash and long-term advances. These instruments are initially recognized at their fair value.

Transactions to purchase or sell these items are recorded on the settlement date.

Held for trading financial instruments are subsequently measured at their fair value. Gains and losses arising from changes in fair value are recognized immediately in the statement of revenues and expenses.

Loans and receivables:

The Organization has classified the following financial assets as loans and receivables: accounts receivable. This asset is initially recognized at its fair value. Transactions to purchase or sell this item are recorded on the settlement date.

Loans and receivables are subsequently measured at their amortized cost, using the effective interest method. Under this method, estimated future cash receipts are exactly discounted over the asset's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial asset is measured at initial recognition less principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and less any reduction for impairment or uncollectability. Gains and losses arising from changes in fair value are recognized in excess of revenues over expenses upon derecognition or impairment.

Other financial liabilities:

The Organization has classified the following financial liabilities as other financial liabilities: accounts payable, accrued liabilities, and levies transferable to EFC. These liabilities are initially recognized at their fair value. Transactions to purchase or sell these items are recorded on the settlement date.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Under this method, estimated future cash payments are exactly discounted over the liability's expected life, or other appropriate period, to its net carry value. Amortized cost is the amount at which the financial liability is measured at initial recognition less principal repayments, and plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount. Gains and losses arising from changes in fair value are recognized in excess of revenues over expenses upon derecognition or impairment.

BC EGG MARKETING BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED DECEMBER 25, 2010

2. Significant accounting policies

(Continued from previous page)

Recent Accounting Pronouncements

Canadian accounting standards for not-for-profit organizations

In October 2010, the Accounting Standards Board (AcSB) approved the accounting standards for private sector not-for-profit organizations (NFPOs) to be included in Part III of the CICA Handbook-Accounting ("Handbook"). Part III will comprise:

- The existing "4400 series" of standards dealing with the unique circumstances of NFPOs, currently in Part V of the Handbook; and
- The new accounting standards for private enterprises in Part II of the Handbook, to the extent that they would apply to NFPOs.

Effective for fiscal years beginning on or after January 1, 2012, private sector NFPOs will have the option to adopt either Part III of the Handbook or International Financial Reporting Standards (IFRS). Earlier adoption is permitted. The Organization expects to adopt Part III of the Handbook as its new financial reporting standards. The Organization has not yet determined the impact of the adoption of Part III of the Handbook on its financial statements.

3. Capital assets

			2010	2009
	Cost	Accumulated amortization	Net book value	Net book value
Automotive	66,005	43,740	22,265	43,090
Computer equipment	233,147	87,971	145,176	131,112
Office equipment	125,641	102,938	22,703	30,585
Leasehold improvements	499,663	44,419	455,244	266,639
	924,456	279,068	645,388	471,426

BC EGG MARKETING BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED DECEMBER 25, 2010

4. Investment

The Board's investment in Central Agricultural Facility Ltd. ("CAFL") includes the following:

	2010	2009
Shares – 50%	1	1
Advances without fixed terms of repayment or interest	1,791,530	1,752,530
Advances without fixed terms of repayment, including interest at prime less 1.75%	1,300,000	1,300,000
Equity loss since inception	(232,404)	(183,026)
	2,859,127	2,869,505

The Board used CAFL's December 31, 2010 financial statements to report its equity interest, which are audited by another firm of public accountants.

5. Commitments

The Board is committed to an operating lease for a photocopier with yearly lease payments of $6,362 per year, with the lease expiring 2017.

6. Subsequent event

Subsequent to year end, the Central Agricultural Facility Ltd. has obtained a mortgage to pay for renovations on the building which the Board rents office space in. The Board will be a joint guarantor with the British Columbia Milk Marketing Board on this mortgage in the amount of $2 million each.

7. Line of credit

The Board carries an operating line of credit with the Royal Bank of Canada. The operating line entitles the Board to borrow a maximum of $120,000 with interest at the bank prime rate, and is secured by all assets of the Board. The operating line was not utilized as of December 25, 2010.

BC EGG MARKETING BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED DECEMBER 25, 2010

8 Levies and license fees

Levies are imposed on egg producers by the Board and EFC. The Board acts as an agent to collect and remit levies to EFC. These levies are not included in revenue of the Board. An estimated impact on the current year financial statements is not necessary as the mortgage has been entered into after year-end.

	2010	2009
Total levies and license fees collected from producers	**23,245,498**	18,146,620
Less: levies remitted to EFC	**(18,339,917)**	(12,360,329)
	4,905,581	5,786,291

9. Related party transactions

The Board provides operating grants to various Egg Producer Associations.

During the year the Board paid rent in the amount of $103,800 (2009 – $103,800) to Central Agricultural Facility Ltd. ("CAFL"). In addition, the Board received interest income in the amount of $39,000 (2009 – $39,000) from CAFL.

10. Financial instruments

The Organization as part of its operations carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Fair value of financial instruments

The carrying amount of cash, accounts receivable, accounts payable and accruals and levies transferable is approximated by their fair value due to their short-term nature.

Credit risk

The Board is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. In addition, there is a concentration of transactions carried out with entities with similar economic conditions such that they could be similarly affected by changes in economic conditions. The Board does not directly hold any collateral such as security for financial obligations.

The Board believes that credit risk and concentration of credit risk are limited due to the quality of parties extended credit and the history the Board has with these entities. The Board maintains allowances for potential credit losses and any such losses to date have been within management's expectations. These allowances are determined by consideration of economic conditions, historical information, and accounts past. The allowance is calculated on a specific identification basis. Amounts subsequently recovered which were written off are credited to the allowance accounting in the period of recovery.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Organization is exposed to interest rate risk with respect to the prime plus advances made to the Central Agricultural Facility Ltd.

11. Pension plan

The Board's pension plan is administered by the Teamster's Union and is a defined contribution plan. Pension expense of $46,636 (2009 – $48,338) has been included in salaries and benefits.

12. Capital management

For its own purposes, the Board defines capital as net assets, which is the sum of invested in capital assets and unrestricted net assets. The Board is not subject to externally imposed requirements on capital. The Board's objectives when managing capital are to match generally the structure of its capital to the underlying nature and term of the assets being financed and to hold sufficient unrestricted net assets to enable it to withstand negative unexpected financial events in order to maintain stability in the financial structure. The Board holds cash and maintains a backup credit facility with a chartered bank to ensure sufficient liquidity.

BC EGG MARKETING BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED DECEMBER 25, 2010

SCHEDULE 1 SCHEDULE OF EXPENSES

	2010	2009
Administration expenses		
Amortization	**129,185**	64,922
Bad debts	**54,636**	6,913
Computer	**38,690**	38,909
Insurance	**19,566**	24,434
Legal	**132,524**	135,132
Miscellaneous	**20,505**	32,964
Professional development	**38,687**	50,306
Professional services	**93,533**	135,299
Rent	**103,800**	103,800
Repairs and maintenance	**1,853**	5,047
Salaries and benefits	**1,256,374**	1,169,217
Supplies and postage	**34,884**	31,819
Telephone	**25,977**	20,769
Travel	**148,549**	94,493
	2,098,763	1,914,024
Board expenses		
Annual general meeting	**51,218**	46,144
Association grants	**51,133**	59,972
Board members	**369,879**	372,560
Committees	**61,497**	48,243
DEPI	**5,725**	18,157
Events	**43,750**	74,749
Memberships	**33,758**	21,012
Professional services	**21,420**	15,289
Research and scholarships	**106,875**	107,567
	745,255	763,693

BC EGG MARKETING BOARD
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 25, 2010

SCHEDULE 1 SCHEDULE OF EXPENSES *(cont'd)*

	2010	2009
Marketing expenses		
Education expense	–	6,440
Memberships	**614**	1,114
Miscellaneous	**4,835**	682
Professional services	**40,024**	55,061
Retail and food services program costs	**37,785**	571,830
Spot promotions	**36,555**	48,466
Travel	**8,009**	4,359
	127,822	687,952
Communication expenses		
Miscellaneous	**1,281**	2,011
Professional services	**76,236**	86,987
Public relations	**18,617**	42,969
Spot promotions	**3,955**	31,838
Travel	**1,909**	2,662
	101,998	166,467
Provincial industrial product and post farm gate costs		
Industrial products costs	**17,731,767**	16,871,219
Farm pickup costs	**936,001**	946,502
Fowl removal	**472,741**	762,323
EFC recoveries	**(16,594,119)**	(15,880,338)
Fowl removal recoveries	**(901,716)**	(652,660)
Other	**15,798**	6,320
	1,660,472	2,053,366

BOARD OF DIRECTORS

AMYN ALIBHAI

Amyn Alibhai was elected to the BC Egg Marketing Board as a Director representing the BC Interior region in March 2010. Amyn grew up on his family's poultry farm in the Fraser Valley. After graduating from Simon Fraser University with a degree in Business Administration, he was recruited by HSBC Bank Canada to work as a Commercial Account Manager. In 2000, Amyn joined his father, Dawood, in managing the Alibhai family's egg layer farms and operating their egg grading business in Kamloops. Amyn has since been involved in many different areas of the egg industry's production and grading sectors. He has been President and Director of both the BC Interior Egg Producers Association and of the BC Egg Processors Council, as well as served in various industry committees. Amyn and his wife Zahra have two daughters.

RICHARD KING

Richard King was born in Penticton and grew up in Victoria and in Kelowna, where he lives today. With a Bachelor of Science (Agriculture) from UBC, he began his working career in the forest industry and transferred to the Okanagan tree fruit industry in 1973 as a production and market planner at BC Tree Fruits Ltd.

Over the last 29 years, Richard has held various management and executive positions with the fruit packing and marketing sector of the tree fruit industry, including:

- General Manager of BC Fruit Packers
- President of the Okanagan Federated Shippers Labour Relations Association
- President of the Tree Fruit Industry Research Group
- Director of the Canadian Horticultural Council
- Director of the Fruit and Vegetable Dispute Resolution Corporation

Richard retired from the corporate side of the tree fruit industry in 2005 to operate his 10-acre apple orchard and to complete a Master's Degree in Environmental Science, Economics, and Political Science at UBC Okanagan.

Richard was appointed as Chair of the BC Egg Marketing Board in October of 2008.

FRED KRAHN

Fred Krahn was raised on a berry and poultry farm. Together with his brother, Fred expanded their layer operation to include broilers and turkeys. Eventually, they also moved into the feed and feed processing business and, after a number of years, diversified into real estate, construction and land development. Fred's desire to see the BC egg industry become effective at the national level, motivated him to become involved in marketing boards at their inception, and thus Fred has served in various capacities, on numerous boards and associations, including the BC Egg Marketing Board, the BC Chicken Marketing Board and the Canadian Egg Marketing Agency. Presently, he is a director on the BC Egg Marketing Board and serves on the Executive Committee of the Canadian Egg Marketing Agency. Fred and his wife Judy have three sons and one daughter. They are pleased that the sons are all involved in the family business.

WALTER SIEMENS

Walter Siemens has been an egg producer since 1986. Walter served in various capacities within the poultry industry, from director on the Board of the BC Egg Marketing Board and provincial poultry associations to the executive committee for the Canadian Egg Marketing Agency. Additionally, he participated in the Investment Agriculture Foundation of BC and served on a local college board. He has been actively involved with the BC Poultry Emergency Response Committee since 2004 and acted as Lead Industry Command in the last three emergency responses. Walt and his wife Annette have four children – two boys and two girls, aged 23, 20, 18 and 12, respectively.

KEN VANDERKOOI

Ken Vanderkooi was elected as Director of the BC Egg Marketing Board in March 2002 and represents the Vancouver Island area. The Vanderkooi family has been involved in supply management since 1971, initially in the dairy industry, until March 1994 when Ken and his wife Henrietta purchased an egg farm in Abbotsford, BC. In February 2002 they purchased another farm on Gabriola Island and over the years expanded their production on Vancouver Island where son, Dwayne, is a shareholder and manages and works the farms. Son Jon works and manages the farm in Abbotsford. Ken has developed an extensive knowledge of egg production and has taken a keen interest in all aspects of the industry. He resides in Abbotsford with his wife Henrietta and they have four children and eight grandchildren.

OFFICERS AND COMMITTEES 2010 – 2011

CHAIR

Richard King

VICE-CHAIR

Fred Krahn

SECRETARY

Walter Siemens

EFC DIRECTOR

Fred Krahn

EFC ALTERNATE

Ken Vanderkooi

FINANCE COMMITTEE

Walter Siemens, Chair
Amyn Alibhai
Art Friesen
James Gunther

PRODUCTION MANAGEMENT COMMITTEE

Amyn Alibhai, Chair
Mike Gillanders
Bodo Goetzke
Jack Vaandrager
Ian Woike
Rob Martens

SPECIALTY COMMITTEE

Margaret Oesterle, Chair
Frank Curtis
Jack Vaandrager
Jeff Bisschop
Ralph Regehr
Steve Easterbrook
Walter Siemens

COUNCIL OF MARKETING BOARDS

Walter Siemens

INDUSTRY PARTNERS

AD AGENCY OF RECORD

TBWA\Vancouver

AUDITORS

Meyers Norris Penny LLP

BANK

Royal Bank of Canada

LEGAL COUNSEL

Affleck Hira Burgoyne LLP

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